
Housing Privatization Industry Forum Pamphlet



22-23 October 1998

DYESS HOUSING PRIVATIZATION INITIATIVE

- ✓ Executive Summary
- ✓ Purpose of the Industry Forum
- ✓ Dyess AFB and Abilene, Texas
- ✓ Proposed Project
- ✓ Financial Requirements
- ✓ Design and Construction
- ✓ Development Management
- ✓ Additional Statutory Requirements
- ✓ Source Selection Strategy
- ✓ Related Internet Web Sites
- ✓ Questionnaire

Executive Summary

The Air Force proposes to incentivize a private developer to finance, design, build, own, operate, and maintain a minimum of 402 quality apartments and townhouses off-base in Abilene, Texas, and to give priority and preferential (or pre-negotiated) rental rates to Air Force families who choose to live there.

Purpose of the Industry Forum

The purpose of the Industry Forum is to:

- Provide information to industry on the housing requirement and proposed privatized housing development.
- Obtain feedback from industry, focusing on any significant issues regarding the housing requirement or the approach towards privatization.

Comments and ideas from industry will be used to create the best business arrangement for both the Air Force and the private party.

Dyess AFB and Abilene, Texas

Dyess Air Force Base is located in the southwest perimeter of the City of Abilene, in the central region of Texas. The installation supports the 7th Wing of Air Combat Command and maintains operational capability for the B-1B Lancer and the C-130H Hercules. These platforms deliver global-power and airlift forces to theater commanders. The base produces combat-ready aircrews in the Air Force's only B-1B formal training unit and provides air-land and airdrop of DoD forces, equipment, and supplies worldwide. Dyess AFB is currently authorized 4,661 military personnel, 3,994 are enlisted members and 667 are officers. There are 2,862 accompanied personnel and 1,799 unaccompanied personnel.

Dyess AFB currently has 1,133 military family housing units in its inventory; of these, 143 are scheduled for demolition in the year 2000.

The City of Abilene, Texas, a 1990 All-America City, is known as a great place to raise a family. Abilene is a mid-sized city with a friendly "know-your-neighbors" flavor of a small town. Located in west central Texas, 183 miles west of Dallas, Abilene is home to 112,000 citizens and Dyess Air Force Base. Abilene offers a diversified economy, which includes manufacturing, retail trade, farming and ranching, medical care and petroleum. Additional information on the City of Abilene may be obtained from their web site at <http://www.abilenetx.com>

Proposed Project

The project scope is to construct a minimum of 402 new apartments (apt) and townhouses (tnhse) in the minimum quantities and for the pay grades indicated below. The development should include all necessary supporting facilities, such

as a business office, maintenance facility, etc. required to manage and operate the development.

Table 1 Unit Requirement Summary				
Pay grade	BAH*	Bedroom Type	Min SF	No.
E-1 – E-3	\$399	2 bed apt	950	49
E-4	\$448	2 bed apt	950	132
E-1 – E-3	\$399	3 bed apt	1100	3
E-4	\$448	3 bed apt	1100	7
E-5	\$504	2 bed tnhse	1050	100
E-6	\$570	2 bed tnhse	1050	35
O-1	\$504	2 bed tnhse	1050	4
O-2	\$570	2 bed tnshe	1050	7
O-3	\$666	2 bed tnhse	1050	30
E-5	\$504	3 bed tnhse	1275	20
E-6	\$570	3 bed tnhse	1275	7
O-1	\$504	3 bed tnhse	1275	1
O-2	\$570	3 bed tnhse	1275	1
O-3	\$666	3 bed tnhse	1275	6
Total				402
* 1998 Basic Allowance for Housing (BAH) rates. The rent will be equal to the members' BAH minus a reasonable utility allowance.				

As these are minimum requirements, it is expected the successful offeror will exceed the basic requirement in any of a number of ways, such as providing single family units, increasing the number of 3-bedroom units, providing covered parking or attached garages, providing additional storage space, constructing recreational facilities, etc.

The successful offeror will obtain the financing needed to plan, design, develop, construct, own, operate, maintain, renovate, and manage a rental housing development for any period from 30 to 50 years.

The proposed housing development will be located off base on one or more sites, as proposed by the successful offeror. The site(s) will have City of Abilene services – fire and police protection, health care facilities including ambulance service, schools, public transportation, utilities, etc. and must be

environmentally unencumbered. Utilities (both public and private) available in the City of Abilene will be available to the site(s).

Development income will be from military members paying rent, in the total amount of their Basic Allowance for Housing (BAH) minus a reasonable utility allowance. The utility allowance is for the expense of electricity and natural gas. In the event other than active duty military families occupy units, rental rates may be based on market rents.

BAH rates are determined by pay grade, dependent status, and location and are subject to change. Rents will be adjusted at lease renewal for every unit, based on the annual adjustment to the BAH. Rents may be paid directly to the successful offeror by allotment.

The Air Force will not guarantee occupancy of the units; however, this development will receive referrals from the Dyess Housing Office.

The Air Force periodically conducts a Housing Market Analysis (HMA) to determine if the community has adequate affordable housing for military families. The 1995 HMA indicates a shortfall or deficit of 631 units by the year 2000. The largest requirement is for housing for the grades from E4 to E6. Four hundred seventy-two units are needed. The grades from E1 to E3 have a deficit of 80 units. The O4 and O5 grades are short by two units. The grades E7 to E9 are short by one. Finally, the grades O1 to O3 are short by 76 units.

The Air Force will not convey any existing units or lease any Government owned land. The existing on-base units will continue to be owned, operated and maintained by the Government.

As tenants move out they must provide 30 days notice, which will be passed along to the Dyess Housing Office by the developer. If the developer is unable to enter into a new lease agreement with a referred tenant within 30 days of the prior occupant's notice to vacate, the unit may be leased to other eligible renters in

accordance with other provisions of the agreement.

Financial Requirements

The Air Force has appropriated \$10.5 million for fiscal year (FY) 1998 family housing construction and has requested an additional \$9.5 million for FY 1999. A portion of this funding may be applied to the project in accordance with the authorities provided by the legislation.

A below market direct Government loan is the proposed vehicle for contributing Government funds to the project. The loan terms are to be a part of each offeror's proposal. If the proposed loan amount is 50% of the debt required, or greater, the Government will be the primary lender. The Government will not finance more than 80% of the total development cost.

Other authorities are provided by the 1996 Defense Authorization Act, Public Law 104-106 including loan guarantees and limited partnerships. Comments concerning the use of these authorities will be considered.

Offerors will develop their own financing plan and include details in their proposals.

A minimum of 20% of the project finances must be from private sources. Additionally, a minimum of 10% of the project finances must be developer equity, which will be used to fund development costs. The remainder of the private funding may be in the form of unguaranteed loans.

Private sector financing, commercial loans, bonds, etc. should be used to the maximum extent possible.

Intended bonding includes a performance and payment bond. Requirements will be detailed in the solicitation.

The successful offeror will be responsible for all insurance requirements. Requirements will be detailed in the solicitation.

Davis-Bacon wage rates will apply to the construction portion of the project.

Offerors are advised to consult their tax counsel concerning all issues of taxation affecting the project. Federal, state, and local laws relating to taxation of the project should all be considered.

Design and Construction

The design and construction must conform to current codes and standards enforced by the City of Abilene.

The successful offeror will provide architectural and engineering seals (indicating code compliance) for final construction documents. Final designs must be acceptable to the Air Force.

DESIGN REQUIREMENTS

New designs or "off the shelf" designs meeting the project requirements may be used.

The successful offeror will design and construct a minimum of 181 2-bedroom garden style apartment units; 10 3-bedroom garden style apartment units; 176 2-bedroom townhouse units; and 35 3-bedroom townhouse units. The new units should be constructed to meet or exceed local market standards for the types of housing desired. For example, apartment density should not be greater than 16 units per acre and townhouse density should not be greater than 8 units per acre.

An innovative single family product that meets or exceeds the townhouse standards for size and density at a comparable price will be preferred.

The successful offeror will include in this project all major household appliances, including refrigerator, range, range hood, garbage disposal

and built-in dishwasher. Laundry hookups will be provided in each unit.

Building arrangements should be informal, with varying setbacks to provide for best view, privacy and variety. Site development should provide an optimum balance of structures and landscaping consistent with good land use, planning practices, safety and economics. Open areas should be designed to encourage creative play and learning for children, while providing a pleasant outdoor experience for adults.

All designs will emphasize low maintenance construction materials, reduced energy consumption comparable to the West Texas Utility Company “Good Cents” program, water resource conservation, and life-cycle economics. Units will have inviting entrances; logical and orderly arrangement of functions and circulation; and open spaces.

CONSTRUCTION REQUIREMENTS

All work will be performed in accordance with acceptable industry practice, applicable codes, and final proposal plans and specifications as accepted by the Air Force. All new housing must have a Certificate of Occupancy from the City of Abilene before acceptance for occupancy and prior to issuing the Government loan.

Phasing is the responsibility of the successful offeror. The phasing plan will be submitted as a part of the proposal.

Any required permits and licenses will be the responsibility of the successful offeror.

The offeror will be subject to no-notice inspections under Occupational Safety and Health Act (OSHA) Program by inspectors of the Department of Labor.

The Air Force’s concept is to have the City of Abilene responsible for construction code compliance enforcement. The Government reserves the right to ensure compliance with applicable construction standards and codes, and

Government accepted designs.

Development Management

MANAGEMENT REVIEW COMMITTEE

The USAF and the successful offeror will establish a Management Review Committee (MRC) to support the project. The MRC will discuss any issues relating to tenant assignments, tenant-landlord disputes, routine facility operations, quality of services, housekeeping, safety, security and other issues and administrative matters pertaining to the operation and maintenance of the development.

TENANT LEASES

Tenants occupying the housing units will sign individual Tenant Leases with the successful offeror. As a minimum, the following conditions will be incorporated into the Tenant Lease with all active duty military tenants:

A. All active duty military Tenant Leases will contain a “military clause” permitting the tenant who receives military orders directing a permanent change of station move (transfer) to give 30 days notice of intent to vacate units. After the 30-day notice period there will not be a penalty for terminating the Tenant Lease prior to its normal termination date.

B. Active duty military tenants may make rent payments by allotment directly to the successful offeror.

C. A security deposit waiver for active duty military tenants is desired.

D. All Tenant Leases with active duty military tenants will include provisions to allow pets.

MAINTENANCE

The successful offeror will be responsible for operating and maintaining the housing units and other facilities (including all grounds, non-occupied units, infrastructure, and supporting facilities) in the rental housing development provided under this project. Proposed maximum response times for correcting failures or deficiencies, which constitute an immediate hazard to occupants, or threaten to cause property damage will be required. Examples include, but are not limited to, breaks in water, sewer or gas lines, gas leaks, utility outages, overflowing toilets, doors and windows that cannot be secured, and similar occurrences which jeopardize the lives, health, safety, or general welfare of tenants.

The successful offeror will provide change of occupancy maintenance on housing units to repair any damaged, inferior, or incompatible components, and to provide an aesthetically pleasing housing unit that has all components clean and in good working order.

The successful offeror will provide periodic maintenance and repair of deteriorating or inoperable components of housing units to ensure the units remain attractive, structurally sound and well maintained.

Offerors will be required to address their plans for long-term modernization in their proposal. Examples include but are not limited to unit, kitchen, and bathroom modernization over the duration of the agreement.

Additional Statutory Requirements

CONTRACT WORK HOURS AND SAFETY
STANDARDS ACT--OVERTIME
COMPENSATION

DAVIS-BACON ACT

CERTIFICATION OF ELIGIBILITY-TRADE
AGREEMENTS

BUY AMERICAN - TRADE AGREEMENTS -
BALANCE OF PAYMENTS PROGRAM
CERTIFICATE

FAIR HOUSING ACT

Source Selection Strategy

This will be a real estate transaction. The intent is to use a fair, timely, and cost-effective procedure for the solicitation, evaluation, and selection of the offer most advantageous to the Air Force.

The Air Force intends to use source selection procedures to identify the private sector proposal that offers the best value to the Government and military occupants. The selected proposal will offer the best value in terms of the offeror's financial condition, proposed planning, design, construction, operations, maintenance, management, cost to the Air Force, and development preferences. The selected proposal will also demonstrate the offeror's commitment to a long-term relationship with Dyess AFB.

The Air Force is planning to use a three-step solicitation approach, which would limit both exposure and expense to the Air Force and offerors.

Step 1: The first step is the Request for Qualification (RFQ) and focuses on qualifications of offerors. Offerors would be required to submit evidence of specialized experience and technical competence, past performance, and financial capability for efforts of similar size and scope.

Step 2: The second step is the Request for Proposal (RFP). Only those offerors determined to be most qualified under step one will submit 35% design drawings and specifications, and detailed financial and long-term management proposals for evaluation. After evaluation of proposals, the Government will select an offeror based on best value.

Step 3: Resolution of administrative details. Step three is available to finalize any remaining financial contingencies and complete administrative details of implementing all agreements with the Offeror selected in Step two.

Related Internet Web Sites

Primary Web Site:

Air Combat Command Contracting Squadron:

<http://public.acclog.af.mil/cons/Lgce/dyess/dyess.html>

or

<http://public.acclog.af.mil/cons/consbuss1.html>

Dyess AFB, Texas Homepage:

<http://vera.dyess.af.mil/>

Housing Revitalization Support Office (HRSO):

<http://www.acq.osd.mil/iai/hrso/welcome.htm>

HRSO "Quick Look" Pro Forma Model (Access

from the Robins AFB Housing Privatization Home Page):

<http://contracting.robins.af.mil/houspriv.ssi>

Abilene Texas Homepage:

<http://www.abilenetx.com>

Statutory Information:

<http://farsite.hill.af.mil/>

<http://www.legal.gsa.gov/fedfra1g.html>

Questionnaire

Your input will help the Air Force develop the solicitation documents to best reflect an approach most acceptable to developers. Request the attached questionnaire be completed and returned to the address indicated or submit it at the Industry Forum.